Corruption

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Chapter 4

Effects of Ethical Climate on Corruption: an Experimental Study*

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Abstract

To prevent future ethical breakdowns in companies, it is key to identify which factors cause corruption. In a multi-method study, we tested the effects of ethical climate on corruption. We first measured ethical organizational climate in a questionnaire study among 227 company employees who were likely to regularly face corruption-prone situations. Six weeks later these employees participated in a corruption game after we manipulated the salience of their professional or private identity. We found that employees who had indicated that they worked in more egoistic and less ethical climate made more corrupt choices, but only when employees' professional identity was made salient. These findings suggest that ethical climate causally influences corruption, which implies that companies are not only capable of preventing corruption, but can also be held responsible for doing so.

Introduction

The past decade has witnessed a wave of corporate scandals across the globe. One of the many examples was the Siemens AG bribery case. Siemens, a German engineering company, paid the highest fine so far in corporate history (Gow, 2008). The company had previously paid an estimated $1.4 billion in bribes to obtain public contracts in countries around the world (Lichtblau & Dougherty, 2008), with the spokesman for the German criminal investigators stating that "bribery was Siemens's business model", and that Siemens had "institutionalized corruption" (Schubert & Millers, 2008). The CEO of Siemens, an outsider who was called in to clean up after Siemens' former executives had been tainted by the scandal (Routston, 2000) said, "We regret what happened in the past but we have learned from it and taken appropriate measures." (Gow, 2008). Yet to design measures to actually prevent ethical breakdowns in firms, insight into what causes such breakdowns is vital. To date, however, this insight has been rather limited, and the evidence has been mostly descriptive or correlational.

Although unethical decisions at work are ultimately made by individuals, the metaphor of the 'bad apple' is generally too simplistic. The apple might not have 'gone bad' without the organization that harbored the individual. Certain organizational characteristics may affect employees' ethical decision-making, either positively or negatively. Hence, companies can create 'good barrels', but also bad ones (Kish-Gephart, Harrison, & Treviño, 2010). A particularly relevant characteristic in this respect appears to be the ethical climate prevailing within a company (Kish-Gephart et al., 2010).

Ethical climate is commonly defined as "the prevailing perceptions of typical organizational practices and procedures that have ethical content" (Victor & Cullen, 1988, p. 101). Ethical climate does not refer to *what* organizational members typically decide, but *how* they decide, and specifically which criteria they consider. When employees are confronted with an ethical decision, for instance whether to pay bribes, they may consider a variety of ethical criteria, with the three dominant considerations being maximizing self-interest, maximizing joint interests, or adhering to rules such as the law or codes of conduct (Cullen, Victor, & Bronson, 1993; Martin & Cullen, 2006; Victor & Cullen, 1987, 1988). More recently, a simplified model and measure of ethical climate has been postulated and supported empirically (Abernethy, Bouwens, & Van Lent, 2012; Arnaud, 2010; Arnaud & Schminke, 2006; Arnaud & Schminke, 2012). This model proposes that organizational members typically base ethical decisions either on what best promotes their self-interest, or the interests of others. If the former form of moral reasoning is seen to predominate within an organization or department, the

ethical climate can be characterized as primarily self-focused which is likely to inhibit ethical behavior, while if the latter reasoning is perceived to prevail, the ethical climate within the organization or department is predominantly other-focused, which is likely to promote ethical behavior (Arnaud, 2010; Arnaud & Schminke, 2006). In the current paper, we use the terms 'egoistic climate' to refer to the former and 'ethical climate' to refer to the latter. Notably, we view the two types of organizational climate as two ends of a single dimension as it seems unlikely that an organizational climate will be primarily focused on maximizing self-interest, while at the same time also seeking to maximize the interests of society as a whole.

A meta-analysis suggests that an egoistic climate, in which self-interest is seen to prevail, fosters unethical decisions within organizations. By contrast, a climate that focuses organizational members' attention on the well-being of others, including customers and the community, appears to reduce unethical decisions (Kish-Gephart et al., 2010). However, this meta-analysis is based solely on studies with correlational designs. Therefore, the causality is as yet not clear. Similarly, simply comparing the occurrence of unethical behavior among employees at companies perceived to have a predominantly egoistic climate with the behavior of employees at companies perceived to have a primarily ethical climate can be misleading (see also Cohn et al., 2014). For instance, individuals who base ethical decisions in their personal life primarily on self-interest may be more likely to be employed by a company with an egoistic climate than individuals who generally tend to focus more on the well-being of others: "Different kinds of organizations attract, select, and retain different kinds of people" (Schneider, 1987, p. 440). This makes it difficult to disentangle 'bad barrel' effects from 'bad apple' effects.

To avoid spurious correlation and to establish causality, a recent experimental study tested the influence of business culture[26] on employees' unethical behavior (Cohn, Fehr, & Maréchal, 2014). The professional identity of this study's participants, both bank and non-bank employees, was either made salient[27] (the experimental condition) or was not (the control condition). The participants subsequently engaged in a task in which they had the opportunity to cheat. The results revealed that while bank employees on average acted as honestly as non-bank employees in the control condition, they became substantially more dishonest than non-bank employees when their professional identity was made salient. The study concludes that "the

26 Although the authors did not specify their understanding of the term 'culture', we assume they refer to companies' workplace climate. We therefore use the terms 'culture' and 'climate' interchangeably.

27 In a given situation, behavior is shifted towards those norms that are associated with the more salient identity (Cohn et al, 2014). Thus, if a more egoistic organizational climate increases the likelihood of unethical behavior, making people' professional identity salient could trigger unethical behavior.

results suggest that the prevailing business culture in the banking industry favors dishonest behavior" (p. 88).

However, Cohn et al. (2014) did not test whether it was business culture per se that caused bank employees' unethical behavior. Notably, their conclusion seems to be based on two assumptions. First, they assume that the business culture prevailing in the financial sector weakens the honesty norm, and is thus relatively egoistic. Yet as the ethicality of the participants' business culture was not measured, it is not clear whether the business culture of bank employees who participated in the experiment was indeed more egoistic than that in other sectors. Their second assumption is that by making employees' professional identity salient, only their business culture was rendered salient. However, this manipulation may have rendered other relevant factors in the work context salient, and these other factors may, either partly or wholly, have caused the effect. Hence, it is unclear whether it was this presumed relatively egoistic business culture that was responsible for more unethical behavior among bankers whose professional identity was made salient. Notably, the increase in unethical behavior among bank employees could have been caused by a negative stereotype of bankers' dishonesty, rather than by banks' prevailing business culture (Vranka & Houdek, 2015). Specifically, perhaps the professional identity manipulation did not render salient banking employees' business culture, but instead their identity as a banker, and because of stereotype threat – i.e., conforming to a negative stereotype of one's group (Steele & Aronson, 1995) – bankers subsequently cheated more. Likewise, concepts other than the business culture may have caused bankers, but not non-bankers, to behave more dishonestly when their professional identity was made salient. These could include the concept of money, or feelings of entitlement to financial rewards (Vranka & Houdek, 2015). So the question remains whether making individuals' professional identity salient renders their business culture salient, and whether it is business culture that leads to unethical behavior.

If making people's professional identity salient does indeed render their business climate salient, people would behave more unethically when their professional identity is rendered salient but only so when their organizational climate is predominantly egoistic. More specifically, we propose that business employees whose professional identity is made salient and who operate in a more egoistic climate are more likely to make unethical decisions both than employees operating in a more ethical climate and when compared to the situation in which their professional identity is not rendered salient. Given the need for conclusive evidence on the effect of ethical climate on ethical decision-making at work, the present study aims to directly test whether companies' ethical climate influences employees' unethical behavior.

This study focuses on a specific type of unethical behavior: corruption. The World Bank has estimated that about $1.5 trillion is paid in bribes around the world each year (World Bank, 2017). The most common corrupt exchange involves a business employee paying a bribe to a public official in return for a benefit, such as a public contract (Rose-Ackerman, 2007). This puts an imbalance in the way business is done, as decisions are made for the wrong reasons; it enables those who are willing to practice corruption to win the bid. This distorts fair competition, leads to misallocation of public resources, diminishes the quality of public services, and undermines the confidence not only in the businesses that engage in such unethical practices, but also in the legitimacy of the state (Chan, 2000; Osborne, 2013; Rose-Ackerman, 2007).

Many scholars have proposed a link between an organization's ethical climate and employees' engagement in corruption as a form of unethical behavior (e.g., Grieger, 2006; Hess, 2015; Martin, Johnson, & Cullen, 2009; Motwani, Kumar, & Mohamed, 1998; Pinto, Leana, & Pil, 2008; Simha & Cullen, 2012). A recent empirical study indeed provides initial evidence that private sector employees who perceive their companies' climate to be more egoistic and less ethical are more prone to engage in corruption (Gorsira, Steg, Denkers, & Huisman, 2018). As this study, however, followed a correlational design, it is not clear whether ethical climate actually causes corruption. The present study consequently aims to address these gaps and to test experimentally whether the perception of the ethical climate of one's company influences engagement in corruption. We test the following hypothesis:

H: Employees who perceive their organizational climate as more egoistic and less ethical are more likely to engage in unethical behavior – in this case, in corruption – but only when their professional identity is made salient.

To investigate whether ethical decisions in an experimental situation are related to decisions in real life, we additionally test whether the corrupt decisions employees make in the experiment are related to their self-reported corrupt decision-making at work.

Method

Procedure

We conducted the research among members of a panel managed by an agency specializing in online research (www.flycatcher.eu).[28] First, we carried out a pre-study to select individuals who were likely in real life to be confronted with corruption-prone situations; more specifically, private sector employees who performed corruption-sensitive tasks entailing regular professional interactions with public officials (n=4318, a 70% response rate). Next, we administered a questionnaire to the participants meeting our selection criteria (n=471) so as to measure their perceptions of their companies' ethical climate and their proneness to engage in corruption (n=289, a 61% response rate). Approximately six weeks later,[29] the respondents were invited to participate in the experimental study, in which the professional identity of the participants was either made salient or was not, after which a behavioral measure of corruption was obtained (n=227,[30] a 79% response rate).[31]

Participation in the studies was voluntary and anonymous.[32] Given the sensitivity of the topic, the questionnaire stated that the study was being conducted by the Faculty of Law on integrity at work rather than specifying that it was being carried

28 The Flycatcher panel consists of approximately 16,000 members who have agreed to participate regularly in online surveys. On average, panel members receive eight surveys a year and, in exchange for completing the questionnaires, receive a small reward in the form of points, which can be converted into gift vouchers. The Flycatcher panel meets the ISO quality standards for social science research and is used exclusively for research, and not for any other purposes such as sales or direct marketing. Panel members may terminate their membership at any time and cannot select the type of surveys for which they wish to be invited.

29 To be precise, 44 days after the deadline for completing the questionnaire. The shortest period of time between respondents' participation in the two studies was, therefore, 44 days, while the longest period was 58 days.

30 This study was conducted among the private-sector respondents of Chapter 3.

31 We also presented short messages to participants to examine whether manipulating social norms can influence corrupt behavior (see also Köbis, Van Prooijen, Righetti, & Van Lange, 2015). After the test round (hence, just before the start of the first of the four bidding rounds) all the participants were told that "This game has been played before, when some participants were also provided with the opportunity to present an underhand offer to the official." Subsequently, half of the participants were told that "The majority took advantage of this opportunity and presented the official with an underhand offer", while the other half were told that "The majority did not take advantage of this opportunity and did not present the official with an underhand offer." The main effect of social norms on corrupt decision-making was not found to be significant, nor was the interaction effect between social norms and the salience or non-salience of participants' professional identity on corrupt decision-making. The results reported below were similar when social norms were also included in the models (and, therefore, when socials norms were controlled for).

32 The Ethics Committee granted permission for the research and, since fully disclosing the purpose upfront could have altered the responses, waived the need to obtain participants' written consent.

out by the Department of Penal Law and Criminology to examine corruption. We presented the questions[33] in a randomized order, to counter order effects. To avert missing data, all questions had to be answered. We performed a data quality check on completion time, consistency of answers and straight lining. To reduce the likelihood of participants making a connection between the questionnaire and the experimental study, the introduction to the latter named only the university, and stated that the goal was to study how people make decisions. The participants were told they would play a decision game and were urged to complete the game and the questions without interruptions. They also learned that, on top of the 150[34] Flycatcher points they received for participating, the ten participants obtaining the highest scores in the game would win 900 extra Flycatcher points.[35] In this way, we aimed to make the situation more realistic since, by definition, corruption yields benefits for the perpetrators themselves and/or their organization, while it can disadvantage those who abstain from it.

Following Cohn et al. (2014), we manipulated the saliency of the ethical climate of the participants' company by randomly assigning the participants either to the experimental condition, in which their professional identity was made salient (n= 112), or to the control condition, in which their professional identity was not made salient (n=115). We asked participants in the professional identity condition seven questions about their professional background, including "Why did you decide to work for your company?" and "Which three characteristics do you think are typical of people who work at your company?". Those in the control condition were asked seven questions that were unrelated to their profession, such as "How many hours per week do you watch television on average?". Next, we introduced the corruption element. We masked the behavioral measure of corruption in a game based on Köbis et al. (2015). After administering the game, we asked the participants to evaluate the game itself and the behavior they displayed (see below).[36]

Participants

Of the 227 participants who completed the whole study, 53% were male. The participants' ages ranged from 22 to 68, with a mean age of 42.7 years (SD=11.86). Compared to the general Dutch population, people with a higher level of education and income were overrepresented; this was expected as we selected the participants

33 We have reported only the data of relevance to the present study.
34 150 Flycatcher points = €1.67.
35 900 Flycatcher points = €10.
36 We have reported only the data of relevance to the present study.

on the basis of, among others, their discretionary powers. The participants interacted professionally with public officials on a regular basis (36% nearly daily; 57% weekly; and 7% monthly). Their contacts with public officials related to matters such as contract awarding, enforcement and inspection, and evaluation and advisory work, among others. On average, the participants had been working at their company for 3.9 years (SD=1.20), in their current department for 3.6 years (SD=1.18), and in their current position for 3.5 years (SD=1.21), with 32% of the participants holding a management position.

Measures

Ethical climate

We used a 10-item instrument (Arnaud, 2010; Arnaud & Schminke, 2006; Arnaud & Schminke, 2012) to measure the perceived ethical climate of participants' own department, with five items reflecting an egoistic climate (e.g., "In our department, people are mostly out for themselves" and "People around here protect their own interests above other considerations") and five reflecting an ethical climate (e.g., "The most important concern is the good of all the people in the department" and "In our department, it is expected that you will always do what is right for society"). Participants indicated the extent to which they agreed with these items on a scale ranging from 1 "completely disagree" to 7 "completely agree". After recoding the items relating to egoistic climate, we computed mean scores for the ten items. These formed an internally reliable scale, thus indicating that the ethical climate of the participants' companies could be characterized as more ethical than egoistic (α=.89; *M*=4.89, SD=1.08).

Corruption proneness

We operationalized corruption proneness by probing corrupt intentions and behaviors, without using the word 'corruption'. We used three items to measure corrupt intentions ("In the foreseeable future, I can imagine that a situation could arise at my work in which I offer/give/promise money, goods or services to a public official in exchange for preferential treatment"), and three items to measure past corrupt behavior ("At my work, I have offered/given/promised money, goods or services to a public official in exchange for preferential treatment"). Participants indicated the extent to which they agreed with the intentions on a scale ranging from 1 "not at all" to 7 "to a great extent", and with the behaviors on a scale ranging from 1 "never" to 7 "often". These two scales were strongly correlated (r =.70, p <.001) and were therefore combined into a single scale measuring proneness to corruption. As the six items formed a reliable scale (α =.94), we computed mean scores. The average scores across the six items indicated that the respondents reported themselves not to be

very corruption-prone (*M* = 1.50, SD =.93). As the data were not normally distributed, we dichotomized the scores to a relatively corruption-prone category (consisting of respondents with a score of four or higher on the intention scale, and a score of two or higher on the past behavior scale[37]) and a relatively non-corruption-prone category (*M* =.26, SD =.44). Of the respondents, 25.6% were categorized as relatively corruption-prone.

Corruption game

Participants in the experiment received the following information:

Explanation of the game: Participants were placed in the role of an employee of a company that regularly competes for public contracts, and were told that they were responsible for submitting bids for these contracts. They were told that the most economically advantageous bid would be awarded the contract; bids would be assessed not only on price, but also on quality. The company had allotted a budget of €300,000 to cover the cost of preparing and writing bid proposals. While preparing more detailed bids would be more expensive, it would also increase the chance of winning the contract. The participants could choose from an array of options, ranging from not investing in a bid at all (€0) to investing €50,000. A higher investment would increase the chance of winning the bid, but would also reduce the profit. Every contract was worth €120,000 (hence, if participants invested €50,000 in a bid and won it, they would make a profit of €70,000). If a participant and a competitor both submitted the same and highest bid, the contract would be split equally, which would mean the participant and the competitor would both receive €60,000 (instead of €120,000). Participants whose investment was lower than that of the competition received nothing and lost the investment.

Comprehension test: We gave two examples and asked four test questions to ensure the participants understood the bidding structure of the game and to assess their understanding of it. Participants received feedback on whether they had answered the questions correctly and, if not, what the correct answer was and why (an average of 85% of the participants answered all the test questions correctly).

Bidding rounds: The game consisted of four bidding rounds, preceded by one test round. We introduced the test round to ensure the participants understood the

37 We decided that respondents with a score of less than four on the intention scale could not conclusively be regarded as corruption-prone. With regard to self-reported corrupt behavior in the past, however, we reasoned that someone either had or had not engaged in bribery-related behavior; consequently, respondents with a score of two or higher on the behavior scale were classified as corruption-prone.

game, as the corruption element was introduced just prior to the start of the game.
Corrupt behavior: After explaining the game, we introduced the above manipulation of professional identity. The participants were then told they had a unique opportunity to allocate part of the company budget to presenting an underhand offer to the officials awarding the contract. This would increase their chance of being awarded the contract. From now on, this paper refers to the decision to present an underhand offer to the official as a 'corrupt offer' or 'corrupt decision'. We reminded the participants that the ten players with the highest budget at the end of the game would win 900 extra points (i.e., €10).[38] In each bidding round, participants had to decide whether to make a corrupt offer to the official. If they decided to do so, they had to decide on the amount they wanted to offer (which was deducted from the company budget). We set the minimum size of the corrupt offer at €1, and the maximum at €40,000. As the participants had to decide four times whether to make a corrupt offer, a total of 908 decisions were made (i.e., 227 participants*4 decisions). In the first round, 25.1% of the participants made a corrupt offer (the average amount invested in the corrupt offer was €11,194); in the second round, this was 32.2% (€10,774); in the third round 32.6% (€14,051), and in the fourth round 33.0% (€12,360).

Award criteria: Unknown to the participants, the competition always invested €50,000.[39] If the participants invested less than €50,000 in total (i.e., the 'official' investment in the bid plus the corrupt offer to the official), they did not win the bid and so received €0. If the participants invested €50,000 and did not make a corrupt offer to the public official, the contract was split, and the participants received €60,000. If the participants invested €50,000 and made a corrupt offer to the official (irrespective of the amount of the offer), they won the whole bid and thus received €120,000. After each bidding round, the participants were told whether they had won the bid and whether they had thus received €0, €60,000 or €120,000 (from this they could infer whether they had outbid the competition). After each round, the participants also received information on the amount of the company budget in the previous round,[40] the investment they made in the previous bid, the amount of money they won, and the current company budget.

Evaluation of the game: After the game, participants were asked to evaluate their behavior (e.g., "In your opinion, did you play the game fairly?") on a scale ranging from 1 "definitely no" to 7 "definitely yes". In total, 44.5% of the participants made at

38 Note that offering a bribe achieves an advantage both for the participant and for the company as it increases the latter's chances of winning the contract and the participant's chances of winning the game.

39 Since this option results in a strict Nash equilibrium, see Köbis et al. (2015).

40 Decisions made in the test round did not affect the company budget.

least one corrupt offer. Those who made at least one corrupt offer evaluated their own behavior in the game as less honest (M = 4.08, SD = 2.003), less sincere (M = 3.22, SD = 1.), less morally just (M = 3.34, SD = 2.085) and less fair (M = 3.71, SD = 2.012) than those who did not make any corrupt offer (M = 6.58, SD =.941; M = 6.46, SD = 1.143; M = 6.44, SD = 1.223; M = 6.52, SD =.944 respectively; all F's > 153.98 and all p's <.001). Hence, although we did not make the honesty norm explicit, nor stated that making an underhand offer to the official breached the rules of the game, the participants seemed to have been aware of the moral connotation attached to the decision to make an underhand offer. Furthermore, participants seemed to acknowledge that the decision to make an underhand offer was corrupt, as those who made an underhand offer were more likely to agree with the item "Do you feel you acted corruptly in the game?" (M = 5.23, SD = 1.642) than those who did not make an underhand offer (M = 1.52, SD = 1.355; F = 348.12, p <.001).

Statistical analyses

We conducted a generalized estimating equations (GEE) analysis, a method used to analyze longitudinal and other correlated response data, particularly if responses are binary (Hanley, Negassa, & Forrester, 2003). GEE takes into account that when individuals are repeatedly assessed, the measurements cannot be regarded as independent (Liang & Zeger, 1986). In our case, the same participants decided whether to make a corrupt offer four times. GEE estimates parameters while controlling for the within-subject correlated error present in longitudinal data (Morrow-Howell, Hinterlong, Rozario, & Tang, 2003). We first tested the main effects of the professional identity salience and the perceived ethical climate on corrupt decision-making. We entered the following factors into the first model: the factor composed of the four consecutive rounds (i.e., to control for the interdependence of participants' decisions), the manipulation of professional identity, and the perceived ethical climate. In the second model, after including main effects, we examined the interaction effect between the salience or non-salience of participants' professional identity and the perceived ethical climate of their company on corrupt decision-making. To test the interaction effect, the treatment effect was coded as +½ for those in the professional identity salience condition, and -½ for those in the control condition. Perceived ethical climate was centered at its mean (following the guidelines of Haug et al., 2010; Kraemer, Wilson, Fairburn, & Agras, 2002). Lastly, we calculated correlation coefficients to examine the relationship between corrupt decisions in the experiment and self-reported proneness to engage in corruption.

Results

The two models we tested using GEE are displayed in Table 1. The outcomes of the first model, testing main effects, reveal that the number of corrupt offers differed across the four bidding rounds; additional analyses showed that participants made fewer corrupt offers in the first round than in the other three rounds (see the percentages reported in the method section). The salience of participants' professional identity did not significantly affect corrupt decision-making. However, participants who had reported that they worked in a more egoistic climate were more likely to make corrupt decisions than those who had reported that they worked in a more ethical climate. More importantly, when we added the interaction effect, the main effect of perceived ethical climate was no longer statistically significant, but the expected interaction effect was (model 2): participants who had reported that they worked in a more egoistic and less ethical climate were particularly more likely to make corrupt decisions when their professional identity was made salient.[41] In fact, additional analyses showed that the perceived ethical climate of participants' company significantly affected corrupt decision-making *only* among participants whose professional identity was made salient (B=-.63, p <.001), whereas no effect of ethical climate on corrupt decisions was found among participants whose professional identity was not rendered salient (B=-.07, p =.703). Since the professional identity salience did not affect corrupt decision-making in and of itself, the results imply that a more egoistic climate leads to more corrupt decisions, while a more ethical climate leads to fewer corrupt decisions.

Table 1
GEE analyses (n=227; decisions=908)

	Model 1			Model 2		
Factor	**B**	**Wald X^2**	**P -value**	**B**	**Wald X^2**	**P -value**
Rounds(4)	.112	6.492	.011	.113	6.344	.012
Professional identity salience	.185	.537	.464	.118	.225	.635
Ethical climate	-.326	7.977	.005	-.067	.152	.696
Ethical climate x Professional identity salience				-.551	5.353	.021
Goodness-of-Fit in Quasi-Likelihood Model 1: 1108.60						
Goodness-of-Fit in Quasi-Likelihood Model 2: 1097.34						

41 After the game was administered, we asked participants whether they had completed the questions and the game without interruptions. Omitting the participants who did not (n=15) from the analyses did not affect the outcomes. Furthermore, we repeated the analyses without those participants who had an extreme score for completion time (n=17). Excluding these participants also had no effect on the outcomes.

Table 2 shows a relationship between self-reported proneness to corruption and corrupt decisions made in the experiment. Specifically, participants who had reported having an intention to offer, give or promise money, goods or services to a public official in exchange for preferential treatment, and/or who had indicated having done so in the past, were more likely to make corrupt offers to public officials in the corruption game (hence, more likely to display the exact type of behavior they had previously reported themselves to be prone to). However, the correlation coefficient was significant only among participants whose professional identity was rendered salient.

Table 2
Correlations between self-reported proneness to corruption and actual corrupt decision-making in the experiment

Factor	Full sample		Salient professional ID		Non-salient professional ID	
	r	p	r	p	r	p
Total 4 rounds[1]	.14	.000	.28	.000	-.02	.670
Round 1[2]	.20	.003	.33	.000	.04	.641
Round 2	.14	.039	.31	.001	-.05	.588
Round 3	.17	.008	.35	.000	-.02	.863
Round 4	.04	.554	.12	.213	-.05	.588

[1] n=908/448/460.
[2] Rounds: n=227/112/115.

Discussion

Our results suggest that the perceived ethical climate causally influences employees' unethical behavior, specifically, their engagement in corruption. Ethical climate, as measured six weeks before the experiment, was strongly related to offering bribes to a public official, but only among those whose professional identity was made salient. The offering of bribes was unrelated to ethical climate among those whose professional identity was not made salient. These outcomes suggest that a more egoistic organizational climate increases the likelihood of corruption, while a more ethical climate decreases this chance. To our knowledge, this study is the first to provide proof of a causal link between ethical climate and unethical behavior. Owing to its innovative design, this study can provide an affirmative answer to a question that has occupied researchers for decades: do organizational features causally affect employees' unethical behavior? It can be concluded from this study's results that, in the organizational context, 'bad barrels can cause apples to rot'.

This study's experimental design allowed us to disentangle 'bad barrel' effects from 'bad apple' effects. Notably, our results suggest that ethical climate causally influences corruption. Furthermore, not only does our study's internal validity, but also its external validity, appear high. Firstly, in contrast to the majority of experimental studies, that use students as participants, the current study's participants were likely to face decisions during their day-to-day professional lives similar to those they faced in the corruption game. We conducted the research among individuals who, as employees of private enterprises, regularly interacted professionally with public officials while performing corruption-sensitive tasks. Hence, we carried out the research among people who in real life, as in the game, are likely to be confronted with the opportunity to bribe a public official. Secondly, the decisions the participants took in the experiment were significantly and positively related to their self-reported proneness to engage in corruption at work. This indicates that the corruption game was not 'just a game', but actually provides insight into participants' corruption proneness in the real world. Thirdly, the ethical climate of one's company was found to influence corruption only when a participant's professional identity was made salient, which implies that it affects decisions only in the organizational context. Ethical climate perceptions did not affect corrupt decision-making in the control condition; when one's professional identity was not rendered salient. This implies that general individual differences or traits cannot account for the relationship between ethical climate perceptions and corrupt decisions. Fourthly, since "any laboratory manipulation of ethical climate will fail to capture the full complexity and presence of an ethical climate in a real work organization" (Aquino & Becker, 2005, p. 676), we tapped into the actual perceived ethical climate of the participants' companies. Perceptions about the real work situation appear, therefore, to determine corrupt decisions. Note that these perceptions may not be indicative of the actual ethical climate within the relevant companies (Martin, Kish-Gephart, & Detert, 2014). Ultimately, however, perception is what matters, given that people act in response to how they *perceive* a setting to be rather than to the *actual* setting (Wikström, 2004). People's perception of the company's ethical climate, irrespective of whether this reflects the actual climate in the company, therefore causally affects corrupt decision-making.

Our results suggest that corruption is determined by ethical climate. Of course, other factors may also affect the likelihood of corruption, including other organizational features or individual differences that affect whether an employee engages in such practices. Like other unethical behavior, corrupt behavior is most likely to be caused by an *interplay* between characteristics of the setting and the person (Treviño, 1986; Wikström, 2004). After all, not everyone working in an egoistic organizational climate engages in corruption, and not everyone working in an ethical climate refrains from it.

Increasingly, companies are being held responsible for their employees' unethical behavior (Victor & Cullen, 1988; Wells, 2014). For example, under the United Kingdom Bribery Act 2010, UK-connected companies can be held criminally liable for employees' corrupt practices unless the company can prove it took preventive measures (Lord & Levi, 2016). The present study provides empirical support for the notion that ethical climate influences the likelihood of employees' engagement in bribery, thus suggesting that companies are able and have a responsibility to effectively prevent bribery, at least to some extent. Our findings suggest that companies can reduce the risk of corruption by countering egoistic thinking within their organization. From this perspective, abolishing incentive structures that promote self-interested reasoning may reduce employees' proneness to corruption. Likewise, organizations can promote ethical decision-making by fostering an ethical climate, for instance, by ensuring their values and mission statements are genuinely at the core of all conduct, instead of engaging in mere window-dressing. As the new Siemens CEO, who was hired to dismantle "Siemens' culture of corruption",[42] said, "I fundamentally changed how our managing board made decisions."[43] The results of our study suggest that Siemens may have truly departed from its crooked path if the CEO managed to fundamentally transform the egoistic reasoning underlying managers' decisions into ethical reasoning reflecting a concern for the well-being of customers and the community as a whole. In that case, an important cause of Siemens' ethical breakdown may have been identified and remedied. If this transformation has been successful, offering bribes to officials will cease to be viewed as an acceptable business practice, and corruption may no longer be part of the game.

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42 https://www.theguardian.com/sustainable-business/siemens-solmssen-bribery-corruption.
43 https://hbr.org/2012/11/the-ceo-of-siemens-on-using-a-scandal-to-drive-change.